

Message Text

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ORIGIN AF-05

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FM SECSTATE WASHDC

TO AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

AMCONSUL CAPE TOWN

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FOLLOWING REPEAT STATE 240551 ACTION ALL AMERICAN REPUBLIC
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QUOTE

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SUBJECT: CIVAIR --JET FUEL SHORTAGE

REF: STATE 232739 (NOTAL)

1. FOLLOWING INFORMATION IS PROVIDED FOR POSTS BACKGROUND
USE IN RESPONDING TO POSSIBLE INQUIRIES FROM HOST GOVERNMENTS.

2. IN RAPIDLY CHANGING SITUATION IN WHICH SHORTAGES OF JET
FUEL ARE INCREASING, THIS IS STATUS REPORT AS OF COB FRIDAY
DECEMBER 7. SHORTAGE OF JET FUEL FOR BOTH DOMESTIC AND
INTERNATIONAL CARRIERS HAS WORSENEDED CONSIDERABLY IN RECENT
WEEKS. DEMAND FOR US DOMESTIC JET FUEL HAS BEEN INCREASED
BY NEED FOR US MILITARY TO USE DOMESTIC JET FUEL TO REPLACE
FUEL PREVIOUSLY PURCHASED OVERSEAS. DOMESTIC CARRIERS WHICH
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USE DOMESTIC ORIGIN FUELS ARE CURRENTLY ENTITLED TO

ALLOCATIONS OF UP TO 95 PERCENT OF THEIR 1972 USAGE WHICH IS TO BE REDUCED TO 85 PERCENT OF 1972 LEVEL IN JANUARY 1974. INTERNATIONAL AIRLINES WERE REDUCED TO THEIR 1972 LEVELS ON DECEMBER 1, AND ALL CARRIERS, BOTH DOMESTIC AND INTERNATIONAL TO BE REDUCED TO 85 PERCENT OF THEIR 1972 LEVELS JANUARY 7, 1974. (SEE REFTEL). THESE ALLOCATIONS, HOWEVER, SHOULD BE CONSIDERED AS ENTITLEMENTS WITH NO ASSURANCE THAT THIS LEVEL FUEL WILL BE AVAILABLE. (SEE REFTEL)

3. NEARLY ALL INTERNATIONAL AIRLINES OPERATING INTO US, INCLUDING PAN AMERICAN, HAVE USED MAINLY JET FUEL IMPORTED UNDER BOND PRINCIPALLY FROM REFINERIES IN THE CARIBBEAN. WITH MIDDLE EAST OIL EMBARGO, SUPPLIES OF BONDED FUEL HAVE BEEN DRYING UP. SITUATION OF US AND FOREIGN FLAG AIRLINES ALSO VARIES CONSIDERABLY DEPENDING ON SUPPLIES, WITH RESTRICTIONS GREATEST WHERE SUPPLIES HAD RELIED PRINCIPALLY ON MIDDLE EASTERN CRUDE, E.G., STANDARD OF CALIFORNIA (CHEVRON) GULF AND TEXACO, IMPACT HAS BEEN MUCH LESS FOR THOSE COMPANIES WHICH HAVE RELIED PRINCIPALLY ON VENEZUELAN CRUDE, E.G. EXXON, SHELL. SITUATION ALSO VARIES CONSIDERABLY FROM CITY TO CITY, WITH MIAMI, DETROIT, WEST COAST PARTICULARLY HARD HIT.

4. DOMESTIC STOCKS CURRENTLY UNDER ALLOCATION DESCRIBED ABOVE. BONDED FUEL, HOWEVER, IS PRESENTLY NOT SUBJECT TO ALLOCATION CONTROLS. DEPARTMENT ANTICIPATES THAT REGULATIONS WILL BE PUBLISHED ABOUT DECEMBER 12 TO BE EFFECTIVE AROUND TURN OF YEAR BRINGING BONDED AS WELL AS NONBONDED FUEL UNDER ALLOCATION PROCEDURES. AT PRESENT, USERS OF BONDED FUEL, THE SUPPLY OF WHICH IS RAPIDLY BEING DRAWN DOWN WITH LITTLE POSSIBILITY OF REPLACEMENT IN SIGHT, IN SOME CASES ARE NOT ELIGIBLE FOR ALLOCATIONS UNDER DOMESTIC PROGRAM AS THEY HAD NO USAGE OF DOMESTIC FUEL DURING 1972 BASE PERIOD. WE ARE HOPEFUL THAT WHEN NEW REGULATIONS ARE PUBLISHED, THEY WILL PROVIDE BASIS FOR EQUAL TREATMENT OF ALL AIRLINES, BOTH US AND FOREIGN FLAG SERVING US. CANNOT BE CERTAIN THAT SUPPLIES WILL BE AVAILABLE TO REACH PRESENTLY PROJECTED 85 PERCENT OF 1972 BASE FOR FIRST QUARTER OF 1974. WE UNDERSTAND SOME US AIRLINES HAVE ALREADY DRAWN UP PLANS TO ELIMINATE SOME SERVICES. KISSINGER LIMITED OFFICIAL USE

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